



The MONDRAGON Co-operative Experience

**A response to the crisis from the
cooperative paradigm**

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1. OUR SCOPE

We are the 10th largest business association in Spain, with production subsidiaries and corporate offices in 41 different countries and sales in over 150.

Our group consists of 258 companies and entities, half of which are cooperatives. Total revenue: 14,755 million €; 83.859 workers.

We work in the industrial, financial and distribution sectors and we develop initiatives in the fields of knowledge and education

With 56 years of history behind us, today we are a global benchmark for work cooperation.



1. OUR ESSENCE

- Our cooperative business model encourages the workers' participation in the company:
 - Through ownership (the workers are company partners)
 - Through management (by making contributions to improve the products, processes and services)
 - Through results (in line with the work they provide)
- The cooperative's power resides in its General Assembly, which represents all the members (one person, one vote)
- The wage scale for its workers is more equitable (on a scale of 1 to 6)



1. OUR ESSENCE

- The inter-cooperative solidarity mechanisms run more smoothly.
- We encourage employment creation, preferably within cooperatives and geared to developing the local environment.
- We are involved in promoting our surrounding environment, and we aspire to a fairer, more equitable society.



2. MECHANISMS OF CRISIS RESPONSE



Internal Mechanisms **based in the participative nature of the cooperatives:**

Measures to strengthen the financial position of the company:

- Wage reduction: reduction of advances consumption (wages)
- Work hours increased.
- Share Capital contributions increased:
 - Capitalization of returns (patronage)
 - Voluntary Reserve Funds Constitution
 - Capitalization of interest
 - Capitalization of losses (Extornos)

All these adjustment measures and collective effort are taken at a meeting (general assembly): one person one vote.

2. MECHANISMS OF CRISIS RESPONSE



Mechanisms **based in the solidarity and interco-operation:**

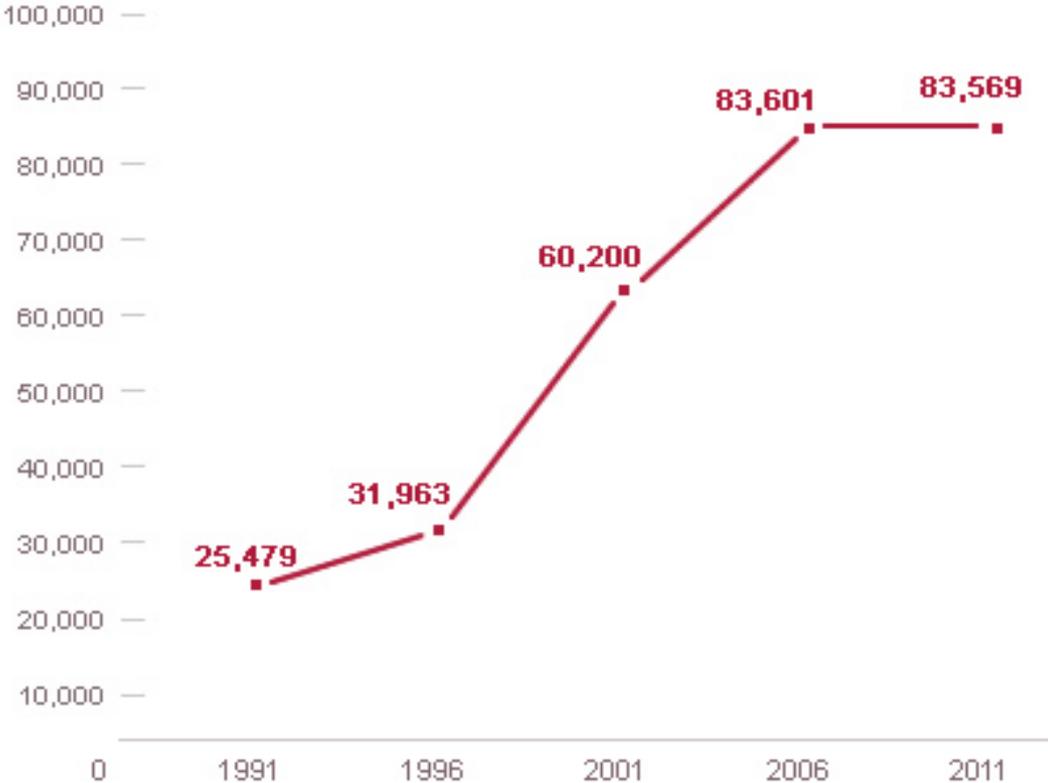
- Restructuring results within cooperatives.
- Intercooperative Funds:
 - Intercooperative Central Fund (Investment fund)
 - Corporate Solidarity Fund
 - Education and Intercooperative Promotion Fund
- Coverage entities:
 - Caja Laboral (credit union): credit support
 - Lagun Aro: employment assistance system
 - Compensation for hours not worked
 - Relocation of staff among cooperatives
 - Professional retraining
 - Early retirement of worker-members
 - Unemployment benefits

2. MECHANISMS OF CRISIS RESPONSE



RESULTS

Evolution of employment



2. MECHANISMS OF CRISIS RESPONSE



RESULTS

	2006	2007	2008	2009	2010	2011
aggregate turnover in industry and distribution (billion euros)	13,390	15,056	15,584	13,819	13,989	13,969
employment	83,601	93,841	92,773	85,066	83,859	83,569

Source: Annual reports 2006-2011 (see www.mondragon-corporation.com)

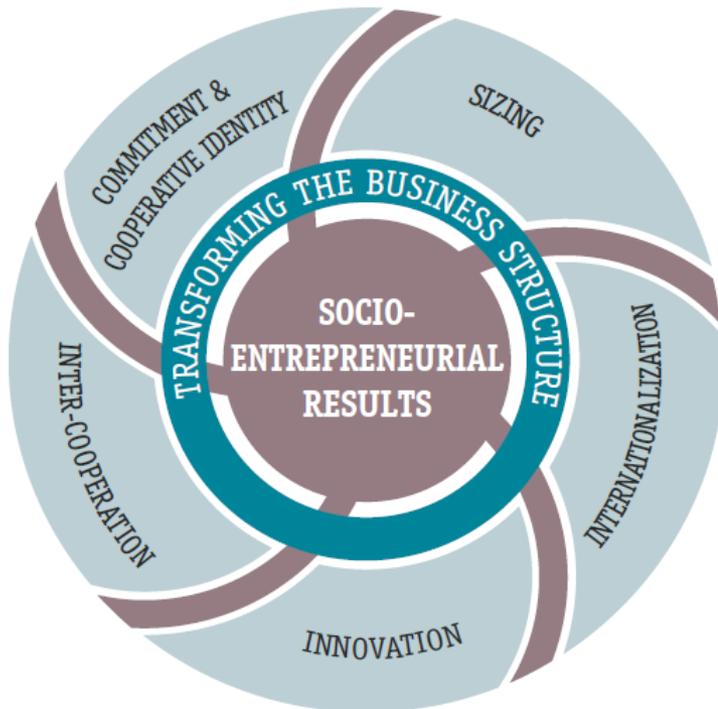
The decrease in employment registered in took place **without producing lay-offs:**

- Voluntary pre-retirement schemes to workers over 58 years of age
- Relocation of hundreds of redundant worker-members within cooperatives inside the group

3. The Challenge and the Five Corporate Strategies



THE CHALLENGE 2013-2016: Transforming the Business Structure



Corporate Business Policy 2013-2016 poses the challenge of transforming the business fabric, **improving the competitive positioning** of the businesses and the **corporate identity and commitment of people**, whereby we will become a business group with profitable and sustainable operations for **generating value added employment**



STRATEGIES

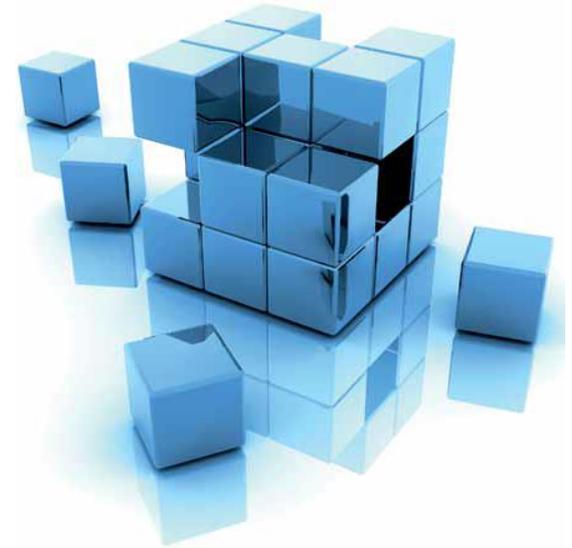
1. Sizing.
2. Intenationalization.
3. Innovation.
4. Inter-cooperation.
5. Commitment & Cooperative Identity





1. SIZING

Involves adopting proactive approaches in order to obtain appropriate and competitive sizing from the perspective of a global market



3. The Challenge and the Five Corporate Strategies



2. INTERNATIONALIZATION

Involves the new positioning of the cooperatives in new markets and/or developing the size and depth of the deployment in existing ones



3. The Challenge and the Five Corporate Strategies



IMPACT OF THE INTERNATIONALIZACION:

VARIABLE	LOCAL COMPANIES	GLOBAL COMPANIES
Total Sales Multiplier	x 2	x 5
Net Profits Multiplier	x 4	x 15
Employment situation regarding the starting five years	- 11%	Only in the Headquarter + 25%
		Consolidate +170%



4. INTER-COOPERATION

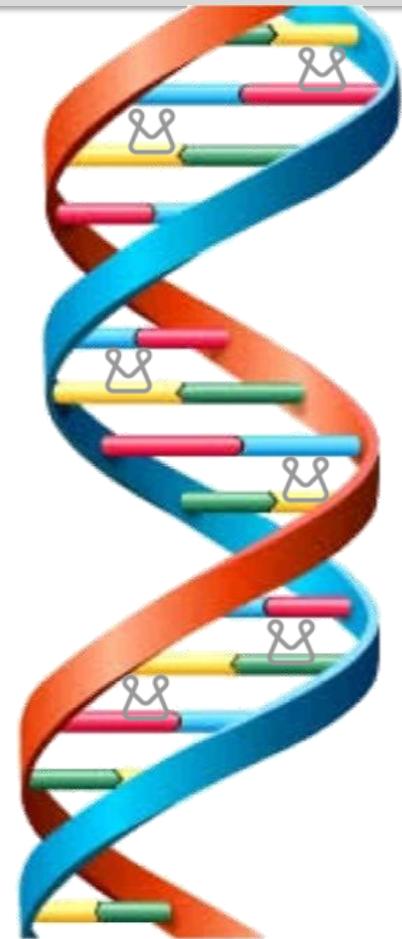
The Strategy of Inter-cooperation seeks to convert the development of cooperation possibilities between the different entities in the business group into a competitive advantage





5. COMMITMENT & COOPERATIVE IDENTITY

It is about to obtain a high commitment and cooperative identity in people expressed in attitudes and behaviors coherent with the cooperative Values and Basic Principles.





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Thank you very much

www.mondragon-corporation.com

